

**Financial Reporting in China:  
Influences on the Chinese press for it to adopt more broadly based  
reporting practices.**

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**Certification**

I Matthew W.E. Cranston certify that to the best of my knowledge and my belief the work contained in this thesis is my original and own work, except as acknowledged in the text and detailed in the list of references. Furthermore, this material has not been submitted, either in whole or in part, for a degree at this or any other university.

Signed.....

Date.....

## **Abstract**

The economic powerhouse of China is increasingly showing characteristics of a market style economy. The country's media is also heading this way with all of its newspapers, which are entirely owned by the Chinese Government, now becoming more commercially driven, especially due to subsidy cuts in 2003.

This study looks at a collection of data which display a rapid growth of private enterprise in China since 1989. The data results also show Chinese newspapers to have a narrower range of sources in financial reporting than do non-Chinese newspapers – those foreign language papers in China and newspapers from another country. This narrow sourcing of stories is taken to be an indicator of the quality of the Chinese financial reporting. It finds that the sample of Chinese newspapers was far more likely to use Chinese Government sources than non-Chinese newspapers.

This study suggests then, that the non-Chinese press is more likely to display quality reporting based on their use of non-government sources, and that this outcome is likely to benefit both their own economic interests and those who consume that press content.

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## **Chapter 1: Introduction**

### **Background information**

Under Emperor Qinlong's rule China achieved great prosperity and reached its largest geographic spread. Now China's "transformation into a dynamic private sector-led economy and its rapid integration with the world economy, through both trade and financial linkages, are likely to prove landmark events in global economic history" (Prasad 2004). With the International Monetary Fund's (IMF) revised annual average real growth for China during 1993–2004 climbing close to 10 percent (World Economic Outlook, April 2006: 37), some analysts are now predicting that the Chinese economy will be larger than that of the United States in 20 years (Hu and Khan 1997: 1).

The Chinese dragon of reform which, it has been suggested, created the productivity required for this growth (Hu and Khan 1997: 2) is also breathing fire into China's media sector where average growth over the period 2001 to 2005 was 14.5 per cent (Datamonitor 2005: 8) with the largest market being that of print media which accounted for 46.8 per cent of market share (Datamonitor 2005: 3).

All newspapers in China are state owned (with the exception of those in Hong Kong) and the government has full editorial control, excepting some experiments to do with the opening up of various non-sensitive assets, such as tabloids, to private and foreign investors (China Yearbook 2006: 41). This thesis will therefore refer to such government-owned newspapers as Chinese newspapers and/or Chinese press for readability. Even though the government owns these newspapers, it is simultaneously restructuring the

sector in a way reflective of the greater economic reform of the country. Beginning in 2003, the government stopped paying subsidies to newspaper publishers, with the result that more than 1,000 newspapers were shut down (2006 China Media Yearbook 2006: 39-40). In order not to be shut down, newspapers needed to secure between \$US1.21 million to \$US 2.42 million in annual revenues just to stay viable (China yearbook 2006: 40). At the same time, “Chinese readers themselves are becoming increasingly sophisticated and are now demanding higher quality and a greater variety of publications” (China Yearbook 2006: 46). This portrays an increasingly market style economy which is a characteristic of the Libertarian Theory of the press posed by Siebert (1956), albeit dated and contested (Nerone 1995). Regardless of how China’s press system is classified or theorized, there is increasing competition between Chinese newspapers on factors such as quality and price (China Yearbook 2006: 39). With such changes at a time of unprecedented economic growth there could also be some opportunities for the Chinese press to cash-in both commercially and, to a degree politically and culturally.

There is a possibility of such action in light of Deng Xiaoping's famous “White Cat, Black Cat” doctrine where the cat that catches the mouse is a good cat. This is an allegory explaining that the method which raises production is a good method and as Yabuki (1995:10) suggests, it is an allegory which “expressed in bold terms the essence of the readjustment policies” in China. Indeed, the Vice President of the Chinese Institute of International Studies, Ruan Zongze said in an interview with Kreisler (2003: 4) that the famous allegory was very important and meant “we no longer have to debate so much about ideology”.



## **Statement of problem**

What will Chinese newspapers do to ensure that they are commercially viable entities? How will they capture their audience and maintain or create a demand for their news in an increasingly competitive environment? Furthermore, how, if an initiative is devised, will this be affected by the editorial constraints of the Chinese Government - a form of authoritarian culture that has existed in China for thousands of years?

## **Hypothesis**

This thesis attempts to firstly present a current predicament in which the Chinese press finds itself, that is, one where it is subject to media reform but at the same time a degree of authoritarian editorial control from the Government. The intention of the Chinese press to receive economic benefits from a growing market economy may require a change in the make up of its content. Specifically, the Chinese press might consider using a greater range of sources for each written story if it is wanting to capture market demand.

This study looks to see how an increase in demand for more diversely sourced content might influence an increasingly financially independent Chinese press. The study suggests that the Chinese press has become more commercially driven and more financially independent of the Chinese Government over the last few decades and this in itself may be enough to persuade the press to try to attract advertising from an increased number of private enterprise companies (PE's) by modifying its press reporting technique, namely by incorporating their viewpoints in its journalism; that is, broadening the base of sources beyond government. To assist in this explanation, the thesis uses a

content analysis of both Chinese newspapers and foreign non Chinese newspapers in China and overseas.

### **Brief description of methodology**

The methodology is an independent design classified under the category called the *Discovery Paradigm*. The discovery paradigm's process of knowledge gathering is "precise, systematic and repetitive" and is gathered in a "decontextualized" and objective manner (Merrigan and Huston 2004: 11). The sample used was the result of two separate search terms in a mixture of purposive and non-purposive time frames, both of which covered the years 1989 through to 2003. This sample which is termed 'the stone' was used to satisfy two units of analysis which have been termed 'the birds', thereby showing how this methodology uses one stone to hit two birds.

The first bird, or unit of analysis, was to record the number of PEs in China. This alone would provide two important pieces of research for the thesis. One, it would show us the increased movement toward a market-based economy in China, and two, it would provide content matter in which private and foreign investors would be interested in; they being consumers of such information. Increases in readership and circulation thus lead to an increased role for advertising in the economies of the Chinese press. The second unit of analysis was the recording of the number and variety of sources used in each article; again, the assumption was that this wider the range of news sources, was an indicator of change in the Chinese press towards western 'professional' models (Yu 1994: 23).

### **Limitations of the study**

There are two search terms used for the collection of articles for the qualitative sample study. One search term for an open time frame search and one search term for a composite year search. These different search terms were unavoidable as one of the search terms would have yielded zero responses in one of the time frames. However, the result of this is not detrimental.

The definitions of some key terms were contentious and the final size of the sample for which the sources were tallied is small compared with other samples used in ascertaining the use and diversity of sources. However this study looked at the use of sources within articles of a very specific topic – Private Enterprises (PEs) – a definition of which required a detailed study.

### **Definition of key terms**

Three of the key terms needed in order to understand the foundations of this study are market economy, planned economy and source diversity. A market economy is defined by Black (2003: 290) as: “an economy in which a substantial proportion of economic decisions are taken by the markets,” that is to say where decisions are taken by both the principal and the agent – (supplier or demander) sometimes with unequal weighting). A Planned economy is: “that in which the government takes all major decisions about what should be produced and who should get it,” (Black 2003: 355).

Source diversity is merely the number of sources within each article. Hansen (1991) notes that early studies which have also used this ‘diversity’ type definition have defined it as a “dispersion among various channels and sources of information”. She says these studies have argued that if more sources are of one type then this will be characterised as low diversity and that low diversity leads to a concern about the well being of ideas in the marketplace (Hansen 1991: 475). However, she reminds the reader that “diversity can, but does not necessarily, imply that a wide range of information sources are represented” (Hansen 1991: 480) and provides reasons such as the lack of information gathering resources at journalists’ disposal (Hansen 1991: 841).

The idea of source diversity can be based on different cultural perceptions and can subjectively represent a degree of content quality as Martindale (2006) says: “stories that accurately reflect communities and people are not possible without a diversity of sources. Sources lend credibility, perspective, viewpoints and colour to a story.” Furthermore, Tiffen (1989), reporting on journalism, with most of his case studies and anecdotal evidence from Australia’s Press Gallery, says that where there are diverse sources which are accountable to media scrutiny the news quality will be greater because there is more cross-checking (Tiffen 1989: 47) and that the “structure and orientation of potential sources is of crucial importance in affecting the quality of reporters’ surveillance” (Tiffen 1989: 37)

These defined terms seldom appear alone within this thesis but any understanding of them is essential to the environments in which the press operate. Essentially, this study

looks at two origins for information on the number of PEs in China. The first is the Chinese press which is, as mentioned earlier, the Chinese press and literally every newspaper in China. The second is the non-Chinese press which refers to every newspaper in this study that is not owned and operated by the Chinese Government.

As mentioned in 'Limitations of the study', some definitions are debatable as there is such a complex mosaic of understanding, culturally, economically and politically. 'China' for example is a term critical to the understanding of this study. There are political ramifications as well as quantitative distortions to the definition prescribed in the methodology section of this thesis. Yet again, these are analysed in detail and have been defined in conjunction with particular views on what they might mean.

### **Brief outline of Chapters**

Chapter 2 is the theoretical framework which provides an assessment of the theories on the Chinese press and the cultural fabric sewn into such a complex system. This chapter also looks at the theories of the 1956 book *Four Theories of the Press* and, as this thesis is produced in the 50<sup>th</sup> anniversary year of the book, a brief evaluation is made with a focus on the Libertarian Theory. Clearly in the past 50 years much has changed, rendering the book less relevant now than it was then, but it still retains some useful concepts and ideas.

Literature that covers all aspects of the thesis is reviewed in Chapter 3 and critical conclusions on the literature are reached. Chapter 4 provides a detailed step by step guide

to the methodology used in the study of two units of analysis. The results of this study are set out in Chapter 5 and are discussed in light of the hypothesis, and the literature review in Chapter 6. Chapter 7 is the formal thesis conclusion.

## **Chapter Two:**

### **Literature Review**

#### **Introduction**

This literature review has been conducted to identify what is available in research on the changes in media practice in China since 1989, the causes of such change and its direction in terms of forming Libertarian characteristics under such events as the 2008 Beijing Olympics. Specifically, the year 1989 marks a low point for media freedom in China as it was the year of the Tiananmen Square protests. The period from 1989 through to the handover of Hong Kong in 1997 and on to 2003 when the result of the Beijing Olympic bid win was announced, has produced – predominantly due to market reforms – significant increases in private and overseas investment in the Chinese economy. This investment may correlate with increases in the demand for a greater amount and or variety of certain media. If these are genuine demands and are met by the market then it would appear that this media displays certain Libertarian style characteristics. Chinese media have been and still are going through a fragile transitional period and offer an interesting arena to assess different areas of media practice, most of which are critical of the normative theories such as the Libertarian.

#### **Change in China's media practice**

The change in China's media practice post-Tiananmen has come in three ways, according to Sun (1996). First, there has been an increase in the scale of media. There was a stage where one new newspaper was established every 36 hours (Sun 1996: 41). Second, there

has been a transformation of the party organ structure, and third; there has been a change in functions of the media (Sun 1996: 41). Since the Tiananmen Square protests where conservative government estimates declared that around 200 people were killed (Ignoring the past 2006: 29) it was suggested that 'Professionalization' of journalism in China would require an emerging political freedom to occur (Yu 1994:23).

The Chinese Government made rules which banned China's reporters from writing sensationalized pieces on scandals occurring in provinces other than where the reporter is based (Cracking down as China opens up 2005; Back on the leash 2005). This is obviously different in a liberal democracy, like the US, where the constitution is protective of choice of media content. Former Chief Justice Warren Burger who, in 1974, defended the First Amendment rights in relation to a newspaper's choice of content, said:

The choice of material to go into a newspaper, and the decisions made as to limitations on the size and content of the paper, and treatment of public issues and public officials – whether fair or unfair – constitute the exercise of editorial control and judgement. (Burger in Nerone 1995: 60).

The case to which this pertained was *Miami Herald Publishing Co. v. Tornillo* (418 US 241 [1974]) where a newspaper denied the right of reply to a political candidate which it had criticised. Justice Burger allowed the paper to refuse the right of reply.

So, for the China Party State to try to retain control over content through, for example, their creation of State monopolies, while at the same time trying to reform the economy



can be seen under western eyes as a potential contradiction, which creates confusion as to what sort of media system is being run (Lee 1994: 22). This has been noted by numerous observers: “While it would be best to optimise the political and economic forces, the two forces are often contradictory” (Fung 1998: i) and, “Nationalistic ideology can be commercially profitable, but sometimes the logic of profitability can create certain areas of ideological ambiguity and leakage” (Pan et al., 2001: 343).

This situation is most prominent in the handover of Hong Kong in 1997. The handover was observed by many as an opportunity for the Chinese Government to build nationalism (Pan et al., 2001). The People’s Republic of China (PRC) attempted to integrate all people of Chinese descent by reporting the event through domestic lenses which had the imprint of the prevailing ideology (Pan, Lee, Chan, & So 1999). Pan looks at three media narratives of the handover and succinctly summarizes Cohen et al. (1996): “we can see how through such story telling, society or culture reassesses itself and copes with potential tensions to achieve internal coherence in the face of globalisation” (Pan et al., 1999:110). This is the essential tension between globalisation and localization (Pan et al., 1999:110; Cunningham and Turner 2000). The degree to which Hong Kong’s media achieves its localization will be how well it remains free from control by the Chinese Government and this is heavily dependent upon the extent to which there is judicial restraint in making media law (Clarke 2002:1). Judicial activism in Hong Kong is regarded as adherence to Party State ideology (Clarke 2002:1). These tensions, Pan (2000: 274) says, have resulted from the introduction of a market economy and are exploited by Chinese journalists in the Chinese Government owned press.

Discussing the relationship between political economy and reform Chu (1994: 4) says that where the reforms of the past were aimed at efficient utilization of media for the Chinese government's goals, the reforms of the 1980s have had an "unintended effect of liberalizing China's media system, which, together with the move toward marketization, contributes to further erosion of the Party's power and ideological control". However this is debatable. The "contradictory" situation can be more plainly summarized by Liu (1998: 31) who says the Chinese Government has given economic reforms priority over political reforms. This began with the death of the Chinese leader Mao Zedong in 1976 after which, many of the leader's economic policies were reversed. The shift away from Mao's state planned economy was led by the dominant figure, reformist Deng Xiaoping.

There seems to be strong support for the idea that the most prominent change to media practice overall, appears is the Chinese government's reform in the area of mobilizing market forces. It was a reformist-dominated leadership that initiated and drove China's WTO quest (Feng 2003) and this same leadership has been making China's media market compliant with its WTO commitments (Zi 2003: 11). The Chinese Government has been tentatively relinquishing its hold over the media in pursuit of an economic imperative which has seen the transformation of the State media from a loss maker and drain on government finances to a global competitor (Back on the leash 2005).

The Chinese Government now negotiates, to a degree, with News Corp and AOL Time Warner to have broadcast access to southern Chinese cities (Thomas 2005 163;

Unscrambling the signals 2001) in an attempt to rationalise its media industry (Please adjust your set 2004). It has let Hong Kong remain “very free and outspoken” (Clarke 2002: 11), and it has also let foreign investors into the print sector including a number of major international players such as the German Group Bertelsmann and British based Penguin Group (China Yearbook 2006: 45).

China’s government is simultaneously controlling the media whilst trying to open its market. Control can be seen in the Chinese government’s encouragement for its flagship party organs to form press conglomerates by absorbing smaller newspapers and magazines (Pan, Chan, Lee & So 2001: 333; Thomas 2005: 163). It could be that the Chinese Government does this in order to maintain its ownership and control over the country’s media in an increasingly open economy – it could be bracing itself for a flood of private and or foreign media companies entering the market under reforms which are pursuant with the WTO and with the Olympics games nigh. However, field work by Pan (2000: 275) shows that without instituting fundamental changes in China’s political system reforms will only change the parameters used to define the Chinese Government press and essentially, not its substance.

### **Effects of reform on media**

The impacts of economic reform on the press in China have created “a gradual liberalization of mass communication” (Chaffee et al. 1997: 19). Economic reforms during the 1980s started an unprecedented growth in Chinese television (Thomas 2005: 161). In fact a year before the events of Tiananmen, China’s National Peoples Congress

(NPC) amended the Constitution to provide legal protection and recognition of the private sector (Entrepreneurs are gaining respect and credibility 1993: 1; Wang, Liu and Fore 2005:135). This has created a more market style approach to what was once a planned economy and has “forced the media industry to reform” (Wang, Liu and Fore 2005:135).

Beginning in 2003, the Chinese Government stopped paying subsidies to newspaper publishers resulting in more than 1,000 newspapers being shut down and now, newspapers need to secure between US\$1.21-2.42 million in annual revenues to stay afloat (China Yearbook 2006: 39-40). Then, in October 2005, China’s General Administration of Press and Publications (GAPP) published new regulations on the operation of newspapers which replaced guidelines that had been in place for more than 15 years (China Yearbook 2006: 39). They included a variety of reforms with the aim of achieving greater privatisation (China Yearbook 2006: 39). Paradise (2004: 3) summarizes the effect of reform clearly:

A reduction of government subsidies to State-owned media enterprises and the emergence of a commercial mindset among media managers are undercutting government control and contributing to the development of a quasi-independent media.

Such a commercial mindset certainly could undercut government control especially if those media managers who take such an approach seek to supply the demand for accurate and open information from private and foreign investors.

Initially, reform has brought massive growth in investment to all areas of the economy since the events of Tiananmen. The World Development Indicators record that China's foreign direct investment, in net inflows was US\$3 billion in 1989 and grew to approximately US\$55 billion in 2004 (World Development Indicators 2006). According to the Chinese Xinhua News Agency, by the end of 2005, Shanghai alone had attracted US\$99.96 billion in contracted foreign capital, with US\$59.76 billion actually used (Shanghai issues white paper on foreign investment environment 2006: 1). The Organisation for Economic Co-operation and Development (OECD) reported that China is among the world's foremost recipients of direct investment and that inflows in 2005 were estimated at US\$72 billion (Trends and Recent Developments in Foreign Direct Investment 2006: 9). The table below shows the increase in foreign investment as recorded by the OECD.

Table 1 Direct Foreign Investment

Year Area	2001	2002	2003	2004	2005
China (\$US billion)	46.9	52.7	53.5	60.6	72.4
Hong Kong (\$US billion)	23.8	9.7	13.6	34.0	35.9

Source: OECD "Trends and Recent Developments in Foreign Direct Investment" (2006: 10).

Investment on this scale is obviously made with careful consideration – a consideration based on accurate information. Often the information used can come from media outlets for which their degree in variance of information can affect the consumer's decisions. Martindale (2006) investigated minority groups in the US and posed the idea that those minority groups who use that media for which sources are diverse, become engaged and gain an interest in that specific media entity. "To regain lost audiences and attract new ones, journalists must embrace and actively work to improve the diversity of sources... a diversity of sources is said to be linked to consumers' satisfaction," (Martindale 2006:1).

In an investigation on whether a market's behaviour is related to the value of information, Fleming and Remolona (1997: 46) found that various measures of the information content help to explain certain market responses. The use of information which incorporates a range of sources is effective because a greater number of sources help to corroborate information. Krueger and Fortson (2003: 932) in their study of the responses to more reliable information note that, "because the sample size was increased, data from the survey became more reliable over time". Information which incorporates a wide range of sources is particularly popular. In a "model of rational Bayesian updating" Krueger and Fortson were able to predict that investors would assign more weight to the BLS [Bureau of Labour Statistics] employment survey as it became more precise" (Krueger and Fortson 2003:931).

Information providers' reputations can be built on the accuracy of their information. King (1996), in his study of reputation formation from reliable reporting, summarizes by

saying, “The results indicate that senders were more likely to report truthfully when their misrepresentations imposed costs on the receivers of their reports” (King 1996: 375). Governments of all nations may want to construct statistics to represent certain points of view, not just China’s. Privately owned media may also want to do this. However, in an environment where profits are a rarity for the majority of print titles (China Media Yearbook 2006: 39) those press outlets that are profit seeking and loss avoiding, might find that reporting as accurately as possible could be economically viable. This profit seeking motive could persuade editors of Chinese newspapers to use diverse source material which may surreptitiously include criticism of the Chinese government, but that in itself, is drawing a long bow. Nevertheless, this profit seeking motive can be seen as a liberalising effect for the press.

There has been a tangible response to this by the Chinese press in Hong Kong. Such a response has been observed by Fung (1998: i) who says:

While the majority of the papers remained apolitical and appealed to mass tastes, and on occasion subjected themselves to control, a few profitable papers were able to simultaneously commercialize and politicize critical events to challenge the authorities, as well as to reap profits.

As noted earlier, Pan also observes that the official Communist party organ – *The People’s Daily* – has had a declining circulation simply because it has not shown much change in content or style, and this is due to the fact that it is the official Party organ (Pan

2000: 274). Wei and Pan (1999: 92) explained that the results of their survey showed that once the respondents had a choice in a market situation, they shunned communist propaganda publications.

Even though this thesis focuses on the demand from private enterprises for reliable information, it is worth noting, for the value of sketching-out China's current media environment, that Chinese readers are increasingly sophisticated and are now demanding higher quality and a greater variety of publications (China Yearbook 2006: 46). Publishers feel the pressure to adopt different standards and are increasingly forced to compete on factors such as quality, price and brand (China Yearbook 2006: 46). Demand is defined as the "quantity of a good or service that people want to buy" (Black 2003:113) and in relation to reliable information there is a very serious level of it. Reliable information inflow is crucial in business operations as Ram and Thakor (1984: 425) have noted in their example of investment banking and the floating of share issues.

The investment banker is one example, but Ram and Thakor also suggest examples such as credit bureaus, accounting firms, consultants and econometric modellers (Ram and Thakor 1984: 425). China has many foreign investors in these fields. The OECD mentions a few of these large scale investors. Bank of America paid US\$3.0 billion for a stake in the China Construction Bank and Goldman Sachs of the United States took a 7 per cent stake in the Industrial & Commercial Bank of China for US\$2.6 billion. (Trends and Recent Developments in Foreign Direct Investment 2006: 15-16). Buying into Chinese broking and investment banks, for example, can be hazardous because of the



lack of information in the areas of political scandals and criminal activity (Ryan 2006). If the Chinese media are to be their government's voice then a lot of this information may not be divulged. Private media may hold back information in order to defend their owners as well, but in a more market style economy there may be competitors who would happily take up the opportunity to supply such information to those who demand it. In fact, Ram and Thakor go one step further. They found in their study of information in financial intermediaries that "under conditions of moral hazard it would be beneficial to form coalitions even in the absence of economies of scale in information production" (Ram and Thakor 1984: 425). This means that it would be better for the demander to produce the necessary information with someone else than it would be to use unreliable information.

The benefit that the Chinese press would gain by reporting accurately could also come in the form of an increased *rate* of demand due to the realization that reputable information exists and that it's beneficial. Krueger and Fortson (2003: 955) note that "one possible explanation for the apparent constant market reaction to more precise news is that the markets were not aware of the increased precision of [it]". So in the same way that precise statistics can be produced from a greater and more diverse sample of data so too can news articles with greater and more diverse sources, leading to the idea that if the sources increase in this way then they might attract a greater market reaction.

Demand, even without the power to buy, can still change what is produced. But aside from this simple mechanism of supply and demand the Chinese Government has been

making China's media market compliant with its World Trade Organisation (WTO) commitments (Zi 2003: 11). Feng argues that China's "reluctant and resistant bureaucracy failed to derail the WTO entry due to the direct and personal participation of the political elite" (Feng 2003: 1). Related to this is the suggestion that as economic management becomes a contentious political issue and when there is greater volatility in the business environment, "economic and business correspondents become an elite within journalism" (Tiffen 1989: 47).

Chaffee, Pan, & Chu, say that this Libertarian characteristic of change toward a more market orientated media was not overturning in a "wholesale fashion" but on a gradual basis adding that there was a cumulatively powerful effect (Chaffee et al., 1997: 36). In the *Australian Financial Review*, Ryan (2006) quotes a Chinese banker who says "China has just broken free of communism. They don't want to be all Coke and Starbucks. They fear this interim stage" . It has also been suggested that the globalisation of China's domestic television progresses with periodic ebbs and flows (Thomas 2005: 164). This rate of change seems likely to increase with the advent of the Olympic Games. It has been forecast that the increase in growth of the Chinese media industry in the period 2005 to 2010 will be 78.5 per cent and that the greatest increase will come in 2008, the year of the Beijing Olympics (Datamonitor 2005). However, one must keep in mind the effect on growth that a cut in government subsidies has had and will have.

### **The Beijing Olympics and its influence on media**

Before the decision on who would host the Olympic Games in 2008 it was said that China would have to commit itself to improving cultural realities because the International Olympic Committee (IOC) weighted issues such as news media access and diversity (Burton 2001: 8). The extent to which the Olympics can influence issues such as accuracy in media and openness is debatable. In terms of improving the use of sources and increasing the accuracy in reports, Whitlam and Preston (1998: 204) say that:

...information as a resource is defined by the needs of its users and these differ significantly. Casual observers of sports activity may be prepared to accept speculation, based on flimsy evidence, while those with a vested interest need solid, often financially-based information.

Now that we know China won the bid for the 2008 Games, it appears that China is responding to this demand from these casual observers and those with vested interest in financially based information. China had an enormous audience for the 2004 Olympic Games according to Aitken who draws upon data from media network Starcom (Aitken 2004: 1). Aitken pointed out that for the men's singles table tennis final, one of the most popular sports in China, there were 47 million Chinese television viewers (Aitken 2004: 2). Aitken also says that Olympic fever has now gripped the country and China has become a particularly significant market because of this (Aitken 2004:2). The market development can bring in foreign players. At the Ninth Fortune and Global Forum held in Beijing it was highlighted that both Chinese and foreign investors were showing keen interest in media coverage of sports in China (Tang 2005: 36). Hopkins (2001: 1) quotes Tim Stratford, the then vice-chairman of General Motors' China Operations: "The

Beijing games would be a catalyst for a high level of economic activity in this city and whenever you have a high level of economic activity you have business opportunities”. Hardly rocket science, but the question is whether the opportunities will be maximised.

With enormous demand there is usually significant competition for rights to both advertise and broadcast within the host nation. This involves a further opening of the market (Lu 2001:11). The president of the largest mobile telecom carrier in China disclosed that the Chinese Government was to issue 3G licenses within 2006 to make sure the 3G network is operational for the 2008 Beijing Olympics (Wang Jianzhou Says China to Grant 3G 2006). This opening up of a market could be furthering the transparency of China and its government.

However, what influence the Olympics has on the political direction of a government, let alone a government-owned media, is questionable. The Moscow Olympic Games in 1980, which included a boycott by fifty nations including the US, did not sway the Soviet political leadership from believing that their occupation of Afghanistan was more important than the chance of having a fully representative Olympics (Edelman 1993: 174). But that, of course, occurred during the height of the Cold War.

China’s bid for the 2000 Olympics, was according to Hodge and Weihong (1995: 120), launched with the slogan “Sports as a means of rehabilitating China’s image”. Hodge and Weihong also noted that the Chinese Government owned *People’s Daily* quoted Chen Xitong as saying “a more open China awaits the Olympics” (Hodge and Weihong 1995:

120). In 2001, at the time of the 2008 Olympics vote, a contrast was made between the Tiananmen Square of 1989 and the Tiananmen Square of 2001. Campbell (2001) showed this contrast in his report on China's Olympic bid, where he filmed 1000 school children dressed in colour dancing in the square to promote the bid for the Olympic Games – a distinctly different picture from that of 1989. He also noted that, up until he did his report, which also showed him interviewing prisoners in a labour camp, no foreign journalists were ever allowed into any of the 280 Chinese labour camps (Beijing Olympics 2001 2001). The report reflected the increasing openness (or increased government propaganda) which has also been shown by Voutas (2002) who directs a film showing social aspects of the changing of Beijing at the time of China winning the 2008 Olympic bid (The Last Breadbox 2002). So, China might seem as though it has been politically persuaded by the need to hold the Olympic Games.

Yet this has also been contradicted. In the same year that Campbell reported, Restall (2001: 12) details how a foreign journalist taking photos at the Imperial Palace in Beijing was punched and put into a van by Chinese police, only to be released by a senior officer. Restall argues that opponents of China being allowed to hold the Olympic Games cited the Berlin Games in 1936 as a precedent for nations creating aggressive nationalism and totalitarian states, but by doing this Restall suggests they are exaggerating the reality of China (Restall 2001: 12). On the other hand, Restall also says that supporters of China's bid to win the Olympic Games cited the Seoul Games in 1988 as a precedent for nations transferring from a military state to democratisation. Applying such a precedent to China could be exaggerating the situation and future in the country (Restall 2001: 12).

The Olympic Games in Moscow have been viewed as an instance where the State was able to make the claim, (whether believable or not), that it ruled over a prosperous nation when the nation was not, and that political dissidents had to wait for another day to raise their complaints (Edelman 2006:159). Edelman makes one concluding comment which, although not mirroring the current situation within the Chinese system, broadens awareness of the historical experience in which a political system can be at odds with trying to optimise an economy's productivity. :

This incongruence between a rapidly developing social and economic system on the one hand and an unreformed political system on the other would prove a recipe for serious political trouble, which few who attended the closing ceremonies of the Moscow Games could have foreseen (Edelman 1993:175).

Now that we know China won the bid, we need to ask the question as to whether or not the lead up to the Olympics is having an influence on China's changing media practices. It seems that the Olympics will create demand for a more developed media in China and it appears that China is responding to this demand. China's enormous audience for the 2004 Olympic Games has already been noted (Aitken 2004: 1). Aitken says that Olympic fever gripped the country, and China has become a particularly significant market because of this (Aitken 2004:2). This market development can bring in foreign players. At the Ninth Fortune and Global Forum held in Beijing it was highlighted that both Chinese and foreign investors were showing keen interest in media coverage of sports in China (Tang 2005: 36).

This suggests that with the enormous demand there will be significant competition for rights to both advertise and broadcast within the host nation involving a further opening of the market (Lu 2001:11). This opening up of a market could be furthering the transparency of China and its government.

### **Authoritarianism, Libertarianism and media freedom**

We might say China's media system could be categorized as a progression of an Authoritarian style system. This theory of the press is the first of four theories written fifty years ago in the widely quoted *Four Theories of the Press*. It mentions a condition of Authoritarian control systems which has a resonance in terms of describing the Party State's view on media practice in China. It notes specifically that, "The units of communication should support and advance the policies of the government in power so that this government can achieve its objectives" (Siebert 1956 18).

Schramm's Soviet Communist Theory of the Press which is the final theory in the *Four Theories of the Press* is generally not effective in facilitating a full understanding of the media in China. Nerone mentions that the inclusion of the word 'Soviet' is enough to warrant the ineffectiveness as it relates to only one communist country – the then Soviet Union, leaving out the youthful People's Republic of China (Nerone 1995: 127).

Another critic of Schramm is Altschull, who suggests China's media system can be understood in terms of three theories or typologies (1995: xiii) which, he calls,

“movements of the metaphorical symphony of the press”. Namely, Market, Communitarian, and Advancing. Altschull’s approach has been described as ideologically neutral (Huang 2003: 452) but is criticised for its limited ability to conceptualise the variations and complexities of the world’s media systems (Huang 2003: 452). Huang also notes that Altschull uses no substantial case study in his construct; however, Altschull says that he “made no effort to encompass the entire world but [has] chosen representative nations...” (Altschull 1995: xiii).

The application of these ‘normative’ theories to China’s press system has often been contested. The reason for such contention is that China is in transition and that these models or theories have internal theoretical flaws (Huang 2003: 444). Huang explains this further by defining normative theories under the definition of McQuail (1987) who says normative theories are those, “ideas of how media ought to or are expected to operate” (McQuail 1987:109 in Huang 2002: 356). Huang then says that these theories oversimplify the actual roles of certain societies’ media (Huang 2002: 356). Poignantly, Huang says that, “Clearly, in terms of a transitional society’s news media such as China’s, this point is particularly important” (Huang 2002: 356). However, Siebert in his Authoritarian Theory hints at the probability of transitional outcomes. He says that the units of communication in an Authoritarian system were only to *support* and *advance* the policies of the government in power through controls which attempted to avoid any interference with the attainment of national ends. Then Siebert (1956: 18) notes:



In later stages a more positive policy can be discerned. Under this policy, the state actively participated in the communication process and utilized the mass media as one of the important instruments for accomplishing its purposes.

He also notes: “The transfer of the mass media from Authoritarian to Libertarian principles in England and America was not accomplished overnight but over several centuries” (Siebert 1956:42).

Pan explains further the change specific to China: “China’s journalism reforms are on an unidirectional [sic] time arrow, moving toward the type of market-based media system found in western nations” (Pan 2000: 275). He says that the *style* of movement this ‘unidirectional time arrow’ takes is one of institutional change and he believes that this contrasts with other analyses of this same media system such as Huang (1994) and Zhang (1993) where there is assumed to be a ‘peaceful evolution’ toward ‘marketization’ (Pan 2000: 275). Moreover, it is important to remember these are only the latest theories of a mass media system and there is still, as Huang (2003) notes, a ‘gap’ in the literature which deals with specifically the media freedoms of such a complex media system as China’s.

However, the most significant criticism of the Authoritarian Theory is made by Nerone. He says that the authors “fail[ed] to recognize forms of power other than that of the state” (Nerone 1995: 26) and that, “The book slights fundamental economic aspects and rules out seeing the communications system as an economic instrument with an economic role to play” (Nerone 1995: 23). Moreover, “in the liberal economics of Adam Smith, private

monopolies threatened free markets as profoundly as state intervention. Why not call these kinds of controls authoritarian?" (Nerone 1995: 37). This is significant criticism because it means that the Chinese government, in its forming of flagship Party Organs into press conglomerates (Pan et al. 2001: 333; Thomas 2005 163), is creating monopolies itself and therefore conducting not only economically Authoritarian practises, but governmental as well. On the other hand, it is worth noting that many western press systems, Australia particularly, have private enterprise monopolies. Rupert Murdoch's, News Limited dominates 70 per cent of newspapers in Australia.

However, it is widely expected that China's media system embodies more than this. Twenty years ago, at least, Sun 1996 described China's media system as one which: "embodies the ambiguity and contradiction of China's national policy of 'market economy of social nature'" (Sun 1996: 40). Essentially, the change in China's media practice appears contradictory, but at the same time it is an intentional way of maintaining the ancient authoritative political culture of China whilst trying to grow the country's media and its economy at large on private enterprise principles. This contemporary Chinese social model of a centralised command political system, but decentralised economy was largely the legacy of Deng's attempt from the late 1980s to modernise Mao's China (Huang 2002). This suggests we are looking at a much more subtle media system than one which can be slotted into a normative theory. Current observations showing the direction of change could very well display a system increasingly possessing some of the characteristics of the Libertarian Theory constructed half a century ago in *Four Theories of the Press*. This review of literature looks at three.

The first of these characteristics is the market. Siebert's Libertarian Theory is described in terms of the US mass media system and Nerone summarizes Siebert's explanation of the theory as being in terms of a "laissez-faire system" (Nerone 1995:121). Siebert says that one of the main slogans for the Libertarian Theory is the "free market place of ideas" (Siebert 1956: 70) and that this concept was developed out of Milton (Siebert 1956: 44). The notion of a market place of ideas is central to the Libertarian model and the inspiration for this was a metaphoric interpretation of Adam Smith's account of the economic market place (Nerone 1995: 43). This Libertarian characteristic has been declared through the idea that anyone with sufficient capital can start a communication enterprise, and that their success or failure depends upon their ability to produce a profit (Siebert 1956: 52).

This specific characteristic has been observed in China by Fung (1998: i) who, as earlier quoted, said that some profitable papers were able to simultaneously commercialize and politicize critical events to challenge the authorities, as well as to reap profits. Pan (2000: 274) also observes that the official Party organ – *The People's Daily* – has had a declining circulation simply because it has not shown much change in content or style, and this is due to the fact that it is the official Party organ. In summary, Wei and Pan explained that the results of their survey showed that once the respondents had a choice in a market situation, they shunned communist propaganda publications (Wei & Pan, 1999: 92).

The second characteristic is freedom from government controls and is best defined by Siebert who says that the essential characteristic of the Libertarian press in order to carry out its role in discovering truth and assisting in the role of solving political and social problems was its freedom from government controls or domination (Siebert 1956:51). However, any criticism of this might be the same as that of the Authoritarian in that Siebert has “fail[ed] to recognize forms of power other than that of the state” (Nerone 1995: 26). Marx says “the first freedom of the press consists in its not being a business” (Marx 1947: 61). Yet, Siebert argues that anyone with economic means can enter the press system as long as they satisfy the needs and wants of the audience as well as withstanding competition (Siebert 1956:53). Fifty years on, however, this could be argued as increasingly irrelevant for a number of reasons, such as greater competition and more increased technological opportunities.

The third characteristic, as developed through the sixteenth and seventeenth centuries, from Milton through to Holmes, is “the superiority of individual freedom and judgement” (Siebert 1956:70). Siebert considers this characteristic as being the greatest impetus for the Libertarian Theory. Individuality has become a noticeable feature of media freedom in China as indicated by tentative evidence from results of parallel cross-section surveys of probability samples by Wei and Pan (1999). They note that “Beijing respondents more strongly emphasize individual psychological fulfilment made possible by the development of the consumer culture, while Shanghai respondents are more direct in their materialistic concerns” (Wei & Pan, 1999: 92). Wei and Pan speculate that “market-oriented reforms represented an experience of much deeper social change to Beijing

residents than Shanghai residents” and this could well be because of the historical context of each city. That is, if respondents were from Shanghai there would have been less emphasis on the individuality because Shanghai was the commercial centre of China and has remained the largest industrial and commercial base in China, suggesting individuality has been a more familiar concept in this city (Wei & Pan, 1999: 92). These three characteristics may help to clarify China’s media freedom and therefore, assist in a study of the influence the Beijing Olympics may have on the changing media freedom in China.

### **Discussion and Conclusion**

This review has discussed the changing form, function and structure of the media in order to describe media practice in China at certain stages since the Tiananmen Square protests. Market reform by the Party State has come in many ways; most notably in its compliance with the WTO and its creation of a more financially independent press. So far, commentators have seen this working in a way which relinquishes the Party State’s hold over media control. However, the process is more complex than this because the Party State still asserts its political, legal and economic power so that, as Pan (2000) notes, only the media parameters used to define the State’s control of the media have changed and not so much the media content.

This tension between State control and market reform means that normative theories explaining the Chinese media are not appropriate. Both Pan (2000) and Huang (2002 and 2003) have argued that China, especially in its transition, makes it difficult to use

normative theory. Further, Huang notes that such normative theory as Siebert's Libertarian lacks flexibility (Huang 2003: 451) even though Siebert says the Theory's "greatest assets...are flexibility, its adaptability to change..." (Siebert 1956: 71). However, the theory may not be quite flexible enough in the context of the Chinese press 'system', if one can describe it this way.

In light of all this, three characteristics of the Libertarian Theory are used to observe the Chinese press. They have been; the market, freedom from government control, and individuality. Arguably this suggests the Chinese press may be now more open to further potential change through the influence of the 2008 Beijing Olympics. The noted areas where this Olympic influence is assessed are in the requirements of the IOC and the increasing openness of the media market. There is not a great deal of literature linking the Beijing Olympics with the changes of media practice in China, especially with a focus on Libertarian characteristics. Even literature on transitional media systems still requires more work. Huang calls "for further study of the transitional phenomenon of global media systems" (Huang 2003:445) and three years on this review supports his call.

### **Chapter 3**

#### **Methodology**

The methodology used in the collected data falls under a category called the *Discovery Paradigm*. The purpose of the discovery paradigm, as Merrigan and Huston (2004: 11) have adapted from Bogdan and Biklen (1982), Mertens (1998) and Smith (1988), is to “accurately represent reality” which can be “known by any knower”. The discovery paradigm’s process of knowledge gathering is “precise, systematic and repetitive” and is gathered in a “decontextualized” and objective manner (Merrigan and Huston 2004: 11).

This study was set up to represent the reality of China's increasingly market oriented media freedom, looking specifically at the press and its use of sources in reporting business information. China is defined in this study as Mainland China from 1989, but then incorporates, from 1997, the Special Administration Region (SAR) of Hong Kong. This study excludes Macau and Taiwan for political and administrative reasons but acknowledges that the United Nations defines China as The People's Republic of China (PRC), founded on October 1, 1949, and includes Macau, Hong Kong and Taiwan as part of the country (Country Reports on Local Government Systems 2003:1).

The data collection focused on two *units of analysis*. That is, there were two things “counted whenever [they were] encountered” (Wimmer and Dominick 2006: 452). The first was to record the number of private enterprises (PE) present, in China. The reason for this precise area was to test the claim that the growth of PE in China has been increasing and is subsequently a fairly important issue for such news readers as foreign and private investors. For example, as early as 1993, marketing companies were starting up to gather accurate information “charting the tastes of the new class of consumer produced by the country's capitalistic-style economic reforms” (Beijing relaxes state controls on television production companies 2003).

Market research is a new concept for Chinese enterprises because consumers had no choice under a totally State-run system. Obtaining accurate market surveys has become more critical as companies become more profit-orientated” (Beijing relaxes state controls on television production companies 2003).



As was reviewed earlier Krueger and Fortson (2003: 932) in their study of the responses to more reliable information note that, “because the sample size was increased, data from the survey became more reliable over time”. From this we could say that looking at the number of sources used within this refined topic of reporting may give an indication as to how reliable a report is. Sources, specifically, because the “structure and orientation of potential sources is of crucial importance in affecting the quality of reporters’ surveillance” (Tiffen 1989: 37).

Therefore, the second unit of analysis was to record the number and variety of sources used by the Chinese press and the non-Chinese press through a systematic analysis of those articles which were used to record the number of PE in China – the first unit of analysis. In this way the methodology was aiming to hit two birds with one stone. This was especially helpful due to the size and the time constraints.

The first unit of analysis measured the number of PEs in China. The second unit of analysis was a recording of the number of sources used in each of those articles collected for the first unit of analysis. Both the number and type of source found in each of these articles were recorded.

The data collection comprised newspaper and wire service articles published on the online database called *Factiva*. *Factiva* is a global news and business information service that combines the content sets of *Dow Jones Interactive* and *Reuters Business Briefing* which make up a total of approximately 2500 newspapers, for which a substantial amount

may not ever have a readership interested in Chinese PE and many of the listings within the *Factiva* data base are multiplied by the several languages in which they are published. There are the *Dow Jones Newswires*, *Reuters Newswires* and about 120 world wide wires, all of which have the same conditions as the newspapers. *Factiva*'s coverage is from 1985. Nearly 80 per cent of the Fortune Global 500 has an account with *Factiva* including 88 per cent of financial companies and 78 per cent of media, publishing and PR companies in the Global 500. This is a worthwhile point as the methodology works to highlight the quality of business information, in the form of source variety and use of statistics. Having the Fortune 500 holding accounts with the same database as this search is carried out provides an element of reliability. The newspapers and wires allowed for a wide variety of newspaper coverage including Chinese publications and foreign non-government owned publications.

The methodology for the collection of articles used started with an open time frame search. Initially, the search was for how many privately owned companies had been created in the period January 1, 1989 to December 31, 2003 in the People's Republic of China. This time frame was chosen due to three main events that could be suggested to correlate to the units of analysis. The three main events were the Tiananmen Square uprisings on June 4, 1989, the handover of Hong Kong on July 1, 1997 and the announcement of Beijing's winning Olympic bid on July 13, 2001. The events of both 1989 and 1997 correspond to their search dates whereas the winning Olympic bid announcement of 2001 uses a search date of 2003. This is for two reasons. The first is that it was a relatively unpredicted event. Reports relating to this thesis topic would

accumulate with time, therefore, requiring a lagged search date. Second, the need to which this lag effect was not required for the handover of Hong Kong was deemed appropriate due to the fact that it had been a predicted event for 99 years as the certainty of its contract stipulated. Any consequential business development would have been tightly factored into calculations and considerations. However, there could still have been a lagged search date for the handover without having harmed the study's observations.

With the date range being June 4, 1989 and December 31, 2005 the first search term entered into the *Factiva* database, with no restriction on the category of published media, was: "China and private\* (compan\* or enterpri\*)". The asterisk is known as the wildcard function and was used to truncate words from 0-5 characters, and thus expand the search. This returned 46,000 articles and a perusal of the first 100 of them, based on relevance, was conducted. Under each article there is a link entitled "More like this". However the use of this link yielded substantially different themes to the articles which were related to the search term. The search term was adjusted to include the "media" in the original search using the same date range: "China and media and privat\* (company\* or enterpri\*)". From this 6,000 responses were returned. Some articles provided numerous and valuable statistics. The articles though were random and in no order besides date. There required a further refining of the data search term. The third search term used was: "China and media and privat\* (company\* or enterpri\* or entrep\*) and statistics and Yuan and million", with the same date range but with the addition of a restricted source category. That restricted search category was "Newspapers: All" and "Wires". This search returned

33 articles. It may also be worth noting that the word 'press' in a few preliminary searches yielded next to no response and thus it was replaced with 'media'

Another search with a different structure was also carried out. Adopted from Riffe, Aust, and Lacy (1993) and Lacy, Riffe, Stoddard, Martin, and Chang (2001), who indicate in their research that constructed week sampling is more efficient than simple random or consecutive day sampling, a set of three constructed years were devised to cover two search terms. The years 1989, 1997, and 2003 were used twice, once each for two different search terms. Each constructed year consisted of running through two sets of six days from Monday to Saturday making up 12 days which represented the 12 months of the year. So that, the first day in the 12 days was the first Monday in January. The second day in the 12 days was the first Tuesday in February; the third day was the first Wednesday in March and so on. This process continued so that each of the full 12 months was represented by an exact date, making up the year 1989 and therefore, providing 12 search dates. Using an Australian calendar, which is in the form of the Western Julian calendar, but is recognized by only a limited number of cultural identities in China, the process was repeated twice more to create the constructed years 1997 and 2003. This system enhanced the precise, systematic and repetitive operation required for such a thesis. Coupled with the open year search it also produced a greater variety of quantitative analysis.

The difference in search terms was due to the lack of initial responses from a constructed-year search which used the search term of the open-year search. In this respect, it was not

that the constructed week is a poor sampling method; on the contrary, there is very little criticism of such a method, but it wasn't as suitable as that of the open year method for such a purpose as to find content for a further study. Constructed year searches are designed for measuring the occurrence of particular content and predicting such things as the population mean (Janssen 2002:11), and not so much as search tool for seeking out certain types of articles for other purposes.

These three constructed years were made for each of the two search terms. The two search terms were: "China and media and privat\* (company\* or enterpri\* or firm\*)" and "China and privat\* (company\* or enterpri\*). These search terms are different from the more refined open-year search term. The constructed years search required a broader term in order to return more articles. The two searches using the three constructed years produced 164 articles.

Combining both sets of articles from the open year and the constructed year searches then required a filtering process to ascertain the articles worthwhile for the compilation of data. A coding scheme was used to divide the relevant articles from the irrelevant articles. The coding scheme was made as simple as possible for the purpose of functionality, which is crucial in an environment such as Chinese private enterprise and its coverage from published news. The word "irrelevant" was marked on each article which: "Does *not* provide in terms of quantifiable statistics, the number or numbers of Chinese private enterprise/s in China, at a given point in time." Those articles that did do this were relevant. There needed to be something that could be counted. To say "there are many

private enterprises” was not relevant but to say “the biggest private enterprise is such and such” allows something to be counted. For example in the article “Edelman strengthened with profiles purchase” in the *South China Morning Post* on March 5, 1997 it notes: “The Chicago-based private company now has offices in Beijing”. Another example of a reasonably fine line of relevance can be seen from the article “Rich-list 46 missing from top tax names” in the *Hong Kong iMail* on March 29, 2002. It notes that: “According to statistics, the top 100 tax-paying private enterprises paid 2.7 billion Yuan in tax.” This is relevant because it provides us with a fact that there are at least 100 PEs. A further example comes from “Private businesses expand” in the *China Daily*, on August 9, 2002. It notes that: “The city's private businesses, which account for more than 50 per cent of the total enterprises in Shanghai...” This statement is technically relevant because even though it does not give exact figures it provides a percentage which is a simple derivative of exact figures.

An example of irrelevance can be seen in the article “State statistical exercises consistently fail to add up” from the *South China Morning Post*, July 17, 1992. It says: “as more and more people move into the private sector...” and “with the gradual erosion of the state sector and the growth of private business”, where both statements are qualitative. A further example in the article “China sacks 2.7 million state workers in H1” from *Reuters News*, August 6, 1998 notes: “However, the non-state sector - Beijing's euphemism for what is mainly private enterprise - had taken up some of the slack, boosting its payroll to 11.75 million from 10.855 million at the end of 1997, the figures

showed”. This, once again clearly indicates there are PEs in China and that they have boosted their payroll, but there is nothing telling us about the numbers of PEs in China.

After this relevance was established a letter was then coded for each type of statistic found. The letters were *N*, *R* and *T*. The *N* stood for National, where the statistic was similar to: “By the end of last year, China had 1.7 million registered private companies...” from the article “China's private economy grew 40 percent last year” *Agence France-Presse*, April 1, 2001. The *R* stood for Regional, which referred to articles where the relevant statistic was, for example: “More than 20,000 private enterprises in this region of Fujian are believed to rely on overseas...” from “Post-Tiananmen China Attracting Wheeler-Dealers” in *The San Francisco Chronicle*, October 5, 1989. The *T* stood for Technical, which consisted of relevant statistics pertaining to no particular area except that it was somewhere in China and that it told us there was a private company. An example of this is “...approving a batch of eight private companies that can make TV series without being shadowed by a state-run corporation” from “Beijing relaxes state controls on television production companies” in the *Financial Times* on September 3, 2003. Each category was tallied with both date and statistic being taken down.

Further important coding includes the definition of PEs. In the *Oxford Dictionary of Economics*, Black (2003: 368) defines private enterprise as: “The system by which economic activity is undertaken by independent individuals or firms, rather than under central direction”. The use of the article “China's Wealthy Facing Income Tax

Crackdown” in *The Washington Post*, October 22, 2002 was relevant due to its quantifiable number of private tax payers, the wealthiest of which owned several PEs. This entrepreneur said in the article that: “I’ve always seen my company and my family as one and the same”. So, there is a fine line here between enterprise and entrepreneur but they have been treated as one.

There are different ideas about what effect the central direction or government ownership still has over some of the PEs in China. This idea is explored by Zhuang and Whitehill (1989: 58):

Although these enterprises are labelled “private,” it should be stressed that they differ from the Westerner's usual perception of private enterprise. First, they are complementary elements serving the mainframe of the economy’s state-owned enterprises. As such, they are unlikely to become a dominant element in the economy in the near future.

In hindsight, we could say that the PE Zhuang and Whitehill were referring to may not have been of the same nature as those PEs which have become a dominant element in China’s economy since 1989. Furthermore, (Black 2003: 369) defines privatisation as: “The transfer to private ownership and control of assets or enterprises which were previously under public ownership”. The overarching definition is that a private enterprise has a majority of non-state ownership.



The collection of articles acted as a stone for striking two birds or units of analysis. The first bird is the number of PEs and the second bird is variety of sources used by both Chinese press and non-Chinese press. Titles, dates and source of publication were noted but by-lines were abandoned due to regularly missed registration. The second unit of analysis sought to count sources used in the articles.

A source, defined by the Oxford Dictionary is “a person, book, or document that provides information or evidence” (AskOxford.com 2006). For this study six categories of sources were coded. The first category of sources was labelled Chinese Government 1 (CG1). These sources included any person from a Chinese Government body, whether from a department or agency. An example is Communist Party chief Zhao Ziyang from the article “Inside China / Post-Tiananmen China Attracting Wheeler-Dealers” in *The San Francisco Chronicle*, October 5, 1989.

The second category of sources was Chinese Government 2 (CG2). These sources included Chinese Government bodies and publications, but not persons. An example is “statistics from the Shanghai Municipal Agriculture Committee” from the article “Suburban Shanghai becomes attractive investment destination” in the *Xinhua News Agency*, June 7, 2003. The third category was called Other Publications (OP). These sources included all publications outside that of Chinese Government owned publications such as other governments, non Chinese newspapers and company reports and announcements. An example would be the *Forbes Magazine* which was used in the

article “China's Wealthy Facing Income Tax Crackdown” in *The Washington Post*, October 22, 2002.

The fourth category was called Layman/Businessman/Other (LBO) which represented all sources who were people not from a Chinese Government body, who were employed in non Chinese Government Businesses, or who represented another government or institution. An example would be Liu Yongxing, president of a private company called the New Hope Group. This source was found in “China to unveil measures to fuel private sector in October” from *Business Daily Update*, September 24, 2002. The fifth source category was Academic (A) which stood for any person stationed at a tertiary learning institute. An example of this would be Wuhan University Professor Luo Zichu in, “Market makeover for publishing sector” from *The Standard*, August 5, 2003. The final source was Unspecified (U) and this represented any source which did not have a full name or that had no name at all. An example of this would be “a Hong Kong investment banker” used in the article “HK Investment Bankers Encourage NASDAQ Listing” in *SinoCast China IT Watch*, 7 November 2003. Other examples include “experts” “economists” and “recent speeches”.

This code works well as it can be removed from the final results of all sources to ascertain the name-specific sources. However, if there are limitations on this methodology it would come from the over specificity used in deciding the sample size of the data. Such a refinement may be too exact, too precise, and thereby reduce the scale of

the study. However, the variety of the articles and date range used should alleviate this problem.

## **Chapter 4**

### **Results**

From the second set of some 6,000 articles there was a significant concentration of interesting articles about individual companies, takeovers and direct statistics. An article entitled “Entrepreneurs are gaining respect and credibility” from the *Straits Times* in November 1993 quoted statistics from the Research Centre for Economic, Technological and Social Development, The Centre, (counted as a Chinese source), showed that in 1993 there were 140,000 established private firms in China. This information was obviously relevant to the thesis especially as it created a synergy which supplied both statistics relevant to the research topic as well as sources essential to the core of the hypothesis.

From the 6,000 there was a further article which noted the following: “Tianjin had nearly 20,000 private companies by the end of last year, employing 560,000 people”. This was considerably worthwhile data which went on to be very detailed giving the type of private company and the recent development of its business purposes. Often there was an aspect on the company’s future and relevance within the China media. But again 6,000 articles were too many. The results of the constructed and open year searches yielded 164 and 36 articles respectively. After refinements of both the restricted search categories “Newspapers: All” and “Wires”, as well as the strict codes such as “relevance” and “private enterprise” the number of available articles was restricted to a total of 25, for which there were none from newswires.

**Table 2.** Breakdown of article search

<p><b>46,000 (open year)</b>  Date range: June 4, 1989 and December 31, 2005  Search term: “China and private* (compan* or enterpri*)”</p>	<p><b>164 (constructed year)</b>  Date range:    Search term: “China and media and privat* (company* or enterpri* or firm*)”      Unrestricted search category</p>
<p><b>6,000 (open year)</b>  Date range: June 4, 1989 and December 31, 2005  Search term: “China and media and privat* (company* or enterpri*)”</p>	

<b>36 (open year)</b> Date range: June 4, 1989 and December 31, 2005  Search term: “China and media and privat* (company* or enterpri* or entrep*) and statistics and Yuan and million”  Refined by restricted search categories: “Newspapers: All” and “Wires”.			
<b>13 (open year)</b> Refined by coding terms: relevance and private enterprise.		<b>51 (constructed year)</b> Refined by restricted search categories: “Newspapers: All” and “Wires”.	
<b>As above</b>		<b>12 (constructed year)</b> Refined by coded terms: relevance and private enterprise.	
11 non Chinese press articles	2 Chinese State-owned media articles.	7 non Chinese press articles	5 Chinese State-owned media articles.
<b>Final 25 Articles</b>			

There were 18 articles from non Chinese press and seven from the Chinese press. Table 2 summarizes the breakdown of results from different article searches.

From the final 25 articles there were 10 that had statistics referring to national totals of PE’s. Another 10 had statistics that referred to the number of PEs in China but in different industries and businesses. The remaining five articles had statistics referring to regional totals of PEs such as in a province or city. Table 1 identifies each of the 25 articles with the statistical category and the number of PEs they have identified as existing within China. Dates of the articles are provided so as to match the year with the

number of PEs. The 'National' statistics showed an increase in the number of PEs from 90,000 in 1989 to two million in 2002.

From the final 25 articles a total number of 91 sources were found. There were 74 sources from non Chinese press and 17 from Chinese press. The open search produced articles containing a total of 62 sources and the constructed search a total of 29 sources. Tables 2 and 3 summarize the source results. In the collection of 18 non Chinese press articles 36.486 per cent of total sources used were CG2. Whereas, in the seven Chinese press articles 58.823 per cent of total sources used were CG2. The different use of Chinese Government sources was further seen by the number of CG1 sources. In non Chinese press articles 12.162 per cent of sources were CG1, but in Chinese press articles that percentage was higher at 17.647 per cent.

The use of Other Publications besides those from Chinese Government origin was notably different as well. In the non Chinese press articles they counted for 8.108 per cent of total sources, 0 per cent in Chinese Government-owned sources. The Layman, Businessman and Other source category was found to be used more than twice as much in non Chinese press articles than in Chinese press articles. Specifically, the percentage of sources used in non Chinese press articles for this category was 25.675 in contrast to 11.764 per cent in Chinese press articles. The use of Academics for sources amounted to only two out of the 91 sources used. Both were used in the non Chinese press articles only. Finally, 14.864 per cent of total sources from non Chinese press were Unspecified. For Chinese Government owned sources 5.882 per cent of sources were Unspecified.

Overall, non Chinese press articles used an average of 4.111 sources per article, 1.693 more than Chinese press articles which used only 2.428 sources per article on average.

Amongst the Open search, the Chinese press articles had an average of 4 sources per article and for Constructed Year searches 1.8 sources per article. This difference between the open and constructed year searches is the same for non Chinese press articles. In non Chinese press open search articles the average number of sources used was 4.909. Whilst in the Constructed search articles an average of 2.587 sources were used per article. The most obvious reason this pattern is due to the difference in search terms used for each kind of search. The difference in search terms was due to there being no responses from a constructed-year search which used the search term of the open-year search. As explained earlier it was not that the constructed-year is a poor sampling method, but that it wasn't as suitable as that of the open year method for such a purpose as to *find* instead of *measure* content for a further study.

With only a total of 25 articles in the sample it may also be deemed too small. However, the sample was bound by particularly stringent parameters. There were to be only articles from newspapers and wires and the coding scheme insisted on a definite quantifiable measure of PEs within each article.

**Table 3.** Final 25 articles and their PE statistics

Category	Article Identity with Date	Chinese Gov Press CGP	Number of private enterprises

R	<b>Inside China / Post-Tiananmen China Attracting Wheeler-Dealers</b> The San Francisco Chronicle, 5 October 1989, 1134 words.		20,000
R	<b>GUANGDONG ISSUES 1ST LOCAL LAW PROTECTING PRIVATE FIRMS</b> Xinhua News Agency - CEIS, 7 November 1997, 165 words.	CGP	22,507
T	<b>Dynamic I-T, Inc. Facilitates Chinese Trade with U.S.</b> Business Wire, 3 April 2003, 885 words.		>1,000
T	<b>DYNAMIC I T INC - Facilitates Chinese Trade with U.S.</b> Market News Publishing, 3 April 2003, 876 words.		>1,000
R	<b>Suburban Shanghai becomes attractive investment destination.</b> Xinhua's China Economic InformationService, 9 June 2003, 314 words.	CGP	>200,000.
R	<b>Suburban Shanghai becomes attractive investment destination.</b> Xinhua News Agency, 7 June 2003, 314 words.	CGP	>200,000,
T	<b>Sichuan, Yunnan plan six hydropower stations on Hengjiang River</b> Business Daily Update, 5 August 2003, 886 words. Note: Factiva describes this news provider as: "Industry Updates is a service launched by China Daily Information designed to keep users abreast of economic activities taking place in China. Formerly known as Business Daily Update. Country of origin: China"	CGP	1
T	<b>Market makeover for publishing sector.</b> The Standard, 5 August 2003, 380 words.		1
T	<b>Beijing relaxes state controls on television production companies.</b> Financial Times, 3 September 2003, 427 words.		8
T	<b>EDELMAN STRENGTHENED WITH PROFILES PURCHASE.</b> South China Morning Post, 5 March 1997, 371 words.		1



T	<p><b>CBNet - China - World Bank's role in China's Minsheng Banking Group discussed.</b></p> <p>China Business Information Network, 7 July 1997, 295 words.</p> <p>Note: Factiva describes this news provider as: "Electronic information division of China Daily that creates a newsfeed consisting of key business, economic, financial, and trade news in China. Included are full details of bids and tenders for government projects as well as from the major state-owned enterprises. Country of origin: China"</p>	CGP	1
T	<p><b>HK Investment Bankers Encourage NASDAQ Listing</b></p> <p>SinoCast China IT Watch, 7 November 2003, 588 words.</p>		4
T	<p><b>MANAGEMENT - MARKETING AND ADVERTISING - CHARTING THE TASTES OF CHINA'S CONSUMERS.</b></p> <p>Financial Times, 8 April 1993, 897 words.</p>		1,000
N	<p><b>China's private economy grew 40 percent last year</b></p> <p>Agence France-Presse, 1 April 2001, 324 words.</p>		<p>1989 – 90,000</p> <p>1997 – 960,000</p> <p>2000 – 1.7 million</p>
N	<p><b>China en route to a socialist market economy, THE INDEPENDENT.</b></p> <p>The Independent, 1 October 1998, 1390 words.</p>		960,000
N	<p><b>‘Small fish’: Some Chinese get taste of capitalism under communist rule</b></p> <p>The Orange County Register, 19 February 1989, 796 words.</p>		225,000
T	<p><b>China's Wealthy Facing Income Tax Crackdown</b></p> <p>The Washington Post, 22 October 2002, 1758 words.</p>		4
N	<p><b>China to unveil measures to fuel private sector in October</b></p> <p>Business Daily Update, 24 September 2002, 983 words.</p>	CGP	2 million
N	<p><b>Private enterprise in China gets thumbs up.</b></p> <p>Irish Times, 7 January 2000, 718 words.</p>		1.49 million

R	<b>PRIVATE BUSINESSES EXPAND.</b> China Daily, 9 August 2002, 361 words.	CGP	30,000 city now exceeds 205,000
N	<b>MILLIONAIRES RUB CHINA WRONG WAY</b> Portland Oregonian, 16 January 1994, 791 words.		160,000
N	<b>LUXURY CARS, REAL ESTATE, FOREIGN PASSPORTS: MEET CHINA'S 'BIG BANKNOTES'</b> The Seattle Times, 30 January 1994, 565 words.		160,000
N	<b>Puffed pockets' oafs, Chinese sniff New millionaires multiply Uli Schmetzer</b> Chicago Tribune Winnipeg Free Press, 10 January 1994, 894 words.		160,000
N	<b>New Chinese rich are criticized by countrymen for flamboyance</b> The Dallas Morning News, 23 January 1994, 866 words.		160,000
N	<b>Rich-list 46 missing from top tax names.</b> Hong Kong iMail, 29 March 2002, 408 words.		150

**Table 4.** Sources by number

Abbreviation	Definition	Number Counted	Number found in non Chinese press		Number found in Chinese State-owned Press	
			Article Search Type			
			Con.	Open	Con.	Open
CG1	Chinese Government 1	12	4	5	1	3
CG2	Chinese Government 2	38	2	25	7	3
OP	Other Publication	6	4	2	0	0
LBO	Layman/Businessman/Other	21	7	12	1	1
A	Academic	2	1	1	0	0
U	Unspecified	12	2	9	0	1
Total	91	91	20	54	9	8

**Table 5.** Source by percentage

	non Chinese press media				Chinese Gov-owned			
	Con.	Open.	Totals	%	Con.	Open	Totals	%
Chinese Government 1	4	5	9	12.162	1	3	4	23.529
Chinese Government 2	2	25	27	36.486	7	3	10	58.823
Other Publication	4	2	6	8.108	0	0	0	0
Layman/Businessman/Other	7	12	19	25.675	1	1	2	11.764
Academic	1	1	2	2.702	0	0	0	0
Unspecified	2	9	11	14.864	0	1	1	5.882
<b>Totals</b>	<b>20</b>	<b>54</b>	<b>74</b>	<b>99.997</b>	<b>9</b>	<b>7</b>	<b>17</b>	<b>99.998</b>
Articles	7	11	18		5	2	7	

There are also questions in terms of the sample of sources found. Such a question might be: “How practical would it have been to use the source in a situation where there were legitimately no other sources that can be used?” In some instances it may be very practical. For example, the release of a report which details the growth or number of private enterprise might be the initial reason for writing the article in the first place. But this poses a question: what other sources might be used in the article to interpret or build upon the original source of information? In this thesis the subject matter observed is not an instantaneous event like a car crash where witnesses or sources can often be seldom in number, so it could be expected that the availability of sources would not be a constraining factor and therefore less likely a suggestion for the lack of source diversity.

## **Chapter 5**

### **Discussion**

Data in the first section of the results suggest an increase in the number of PEs in China between the events of Tiananmen Square in 1989 and the year ending December 31, 2003. The increase shown is approximately 1270 per cent. Data in the second section of the results show that the articles collected from the Chinese press display a lower level of multiple-source use than those from non-Chinese press. The increase in the number of PEs helps describe the increased market environment in China while the second area of results helps describe an element of quality journalistic practice.

From the final 25 articles in this study there were three different areas to which the statistics referred. There were 10 statistics referring to national totals of PEs. Another 10 had statistics that referred to the number of PEs in China but in different industries and businesses and the remaining five articles had statistics referring to regional totals of PEs such as in a province or city. The following discussion uses those data whose statistics lie in the area referring to national totals. This is more appropriate for investigating the increase in PEs in China because city and regional or industries and business statistics do not encompass the whole country. This part of the discussion records the growth in PEs as established by those articles used in the collection and helps to shed light on the idea that China's economy is becoming increasingly private and market orientated.

In 2001, *Agence France-Presse* (AFP) reported that there were 90,000 PEs in China in 1989. However, in 1989 the *Orange County Register* reported that for the same year there were in fact 225,000 PEs in China. This highlights that there are conflicting statistics about the number of PEs in China. A possible explanation for this is that the definition of a PE may have been different from press outlet to outlet. Another explanation is that both the articles' use of different sources may have used different methods and/or different data themselves. This in itself could be useful as it may help to increase the range of possible statistics. However, it may produce a negative result in terms of increasing the variance in a sample of such information. The average taken from the data is 157,500 PEs in China in 1989.

In 1994 there were four non Chinese newspapers who all reported that there were 160,000 PEs in China. The coincidence is that all four newspapers were from the US and it seems as though all four had used the *Chicago Tribune* as their source. This of course contrasts the previous situation where there was a range in statistical sources. In 1998 *The Independent* produced the figure of 960,000 PEs in China for the year 1997. This is a disproportionate increase compared to the increase for the period 1989 to 1994. A clue for such a jump could be the 1997 Hong Kong handover. The transitory effect of the Hong Kong handover was that its political economy transformed from a “pre-mature cartel-protected capitalist market to a mature capitalist market characterized by ever increasing competition” (Fung 1998: i). Wang (1997: 1) suggests that before the effects of the Hong Kong handover were seen, it was suggested that the market economy had laid a good foundation for the removal of the state-controlled Chinese media. This was because the media had become more financially independent of the State.

In 2000 the *Irish Times*, in an article entitled “Private enterprise in China gets the thumbs up”, had the number of PEs in China at approximately 1.49 million for the year 2000. For this same year the AFP in their 2001 article estimated the number of PEs to be 1.7 million. An average figure of 1.595 million can be taken.

Finally, the only national statistic from a Chinese Government owned press source comes from the *Business Daily* in 2002. This article provided the largest statistic within this study’s results. It reported that the number of PEs in China was 2 million for the year 2002. A possible suggestion for this increase could be the activity surrounding the

Olympic Games. China made a bid for both the 2000 and 2008 Olympics. It missed out on the 2000 Olympics but won the 2008. In his preparation for the 2000 bid, former Communist Party secretary of Beijing, Chen Xitong, said that a more open China would result from the Chinese Olympic bid (Hodge and Weihong 1995). Further to this, Hopkins (2001: 1) reveals that before winning the bid for 2008 China already had a number of major companies competitively seeking favour from Beijing officials. Another suggestion for such an increase in PEs could be China's acceptance as a member of the WTO. Before China became a member, Hopkins noted that UBS Warburg economist Arup Raha said the economic impact of the Beijing Olympics would be "largely overshadowed by China's looming accession to the World Trade Organization" (Hopkins 2001:1). This study's overall portrayal of an increase in China's PEs appears to be a reflection of the shift away from a planned economy to a more market based version.

The second section of these results looks at the counting of the number and type of sources within the refined sample. This analysis was chosen as one way to espy the journalistic practice used in Chinese newspapers. The use of sources in this study was found to be a very suitable quantitative measure and revealed some interesting observations. Overall, non Chinese press articles used an average of 4.111 sources per article, 1.693 more than Chinese press articles which used only 2.428 sources per article on average. The results show that there is greater diversity in the use of sources by the non Chinese press articles than there is in the examined Chinese press articles. Sources were classified into the five areas set out in the methodology. As revealed in the results chapter, there was a concentration of one particular type of source called CG1 in those

articles coming from the Chinese newspapers. Approximately 82.352 per cent of the total sources used in Chinese press articles were from a Chinese Government source, that is, from categories CG1 or CG2. Such a result appears to represent the editorial control the Chinese Government has over its press.

These results contrast distinctly with the results from non Chinese press articles. For the sources in these articles, 48.648 per cent of sources used were from categories CG1 or CG2. Where the Chinese Government sources make up the majority of source origin and type for the Chinese press, this is not the case for non Chinese press articles, where instead, the slim majority of sources came from a non Chinese Government origin. Why could this be? Hansen's study, noted earlier in the literature review, analysed 60 enterprise news stories in the US revealing that: "newspaper stories that win or are submitted to win Pulitzer or other enterprise journalism awards are less likely to use official or governmental sources than are regular stories" (Hansen 1991: 474). Hansen suggests that the implications of over reliance on official government sources effects journalistic quality in the sense that responsibilities to a pluralistic society are not met, and that: "the goal of information diversity still serves as a powerful measure of the performance in a democratic society" (Hansen 1991: 474). This is, of course, irrelevant when analysing an authoritarian society like China's which is far from democratic, but Hansen's analysis offers some ideas as to why *non-Chinese* newspapers are *more* likely than Chinese newspapers to have fewer official government sources in their articles.



Besides this obvious notion of contrasting cultures as a reason for the concentration in government sources within newspaper articles, a number of scholars believe that journalists' reliance on government officials is not necessarily wilful or consciously biased. Grabe, Zhou and Barnett (1999) argue that journalists are merely striving to meet deadlines and thereby rely on those news sources that are available for comments. Grabe, et al. note Sigal who says that efficiency dictates news gathering through routine channels.

However, if Chinese newspapers are seen as becoming more competitive due to the pressures of government reform, such as cuts in subsidies, Chinese newspapers may well be improving source diversity in order to meet the possible increase in demand for more broadly based press articles. This demand may be likely under an increasingly market style economy with an increasing number of PEs. Meeting this demand is an opportunity to make a profit as discussed earlier in the literature review of this thesis. After all, "The common view that 'the best market is the best informed market' leaves great scope for embracing general business rhetoric whilst also airing critical perspectives and highlighting individual abuses" (Tiffen 1989: 46).

This characteristic of the market is one of the three main characteristics in Siebert's Libertarian Theory. The Libertarian Theory of the press, one of four constructed half a century ago in *Four Theories of the Press* by Siebert, Peterson and Schramm (1956) is a classic normative theory and has often been contested. It has been suggested that normative theories over simplify the actual roles of certain societies' media (Huang 2002:

356). That the *style* of movement Chinese media takes is an image of institutional change and that this contrasts with other analyses of this same media system such as Huang (1994) and Zhang (1993) where there is assumed to be a 'peaceful evolution' toward 'marketization' (Pan 2000: 275). There is also criticism of the western use of a propaganda model to describe the Chinese system (Sun 1996: 40). However, the theory still provides a striking statement on the effect of both authoritarian culture and authoritarian institutions on the functionality of the press. By providing this, scholars and media watchers alike are not only given an historical document which gives an, albeit, biased account of press systems in the 1950s, but they are also given a crucial starting point for which to interpret the degree of influence that exogenous factors can affect the inner workings of press systems. Such exogenous influences like government and the market have now been so closely woven into the fabric of press systems that they have, in light of contemporary literature, quite possibly become endogenous.

This study reviewed three characteristics of the Libertarian Theory and highlighted, as the central part of this thesis, the characteristic of 'the market'. Siebert (1956: 70) says that one of the main slogans for the Libertarian Theory of press freedom is the "free market place of ideas". The results of this study open up an area of China's press for which there could be a significantly unmet demand: a demand which, if met, could deliver considerable profits to newspapers as well as bring greater freedoms to journalists in their use of sources for article compilation. This economic mechanism of demand has been an important concept within this study. Defined earlier as the "quantity of a good or

service that people want to buy” (Black 2003:113), demand, it is suggested, even without the power to buy, can still change what is produced.

## **Chapter 6**

### **Conclusions**

This study looks at a tightly selected collection of articles concerned with the increased number of PEs in China since the events of Tiananmen Square in 1989. The sources in these articles are also examined and their number and type recorded. The study produces three distinct features. The first is that there has been an increase in the number of PEs in China in the period from 1989 through to 2003. The second is that the articles from Chinese newspapers use half the number of sources per article in contrast to that used in non-Chinese newspapers. Third is that the sources used in Chinese newspapers articles are far more likely to come from official government sources. It has been concluded that these last two findings are representative of the inherent authoritarian culture in China that has existed for hundreds if not thousands of years.

The increase in PEs in China from a figure of 90,000 in 1989 to approximately 2 million in the early 21st century could provide an increase in demand for information such as press articles with the same sort of subject matter as in this study: that is, information such as statistics on the number of PEs in China. Demand for any product obviously

requires the product to have some value. As a proxy measure for the value of such press articles this study chose to look at source diversity in terms of their number and type. In this sense, it can be said that the value is lower in Chinese newspaper articles than in non-Chinese newspaper articles.

The literature in this study suggests that the Chinese press, due the reduction in subsidies and a pending Olympics, has become commercially driven and more financially independent of the Chinese Government (Wang 1997:1; Paradise 2004: 3; China Yearbook 2006: 39-40). So the proxy measure of value in this study suggests that this increasingly commercial Chinese press might try to capture the demand from the increased number of PEs by increasing its diversity of sources including its apparent overuse of Chinese Government sources. This could be indicative of fewer constraints to do with having to speak on behalf of the government. If this adjustment occurs, it would demonstrate how the Libertarian characteristic of increased markets can help to create media freedom in China. It could also lead to increased competitiveness.

However, if this were not the case and the Chinese press continued to use both a smaller number of sources per article with a concentrated origin from the Chinese Government then it is recommended that PEs and foreign investors position their demand toward news from non-Chinese newspapers as these newspapers appear to have a more sympathetic approach to the use of sources. That different approach consists of using fewer concentrated source types as well as a greater number of sources. Such an outcome would be highly characteristic of a market style economy. Such a characteristic originally

belongs to the Libertarian Theory constructed by Siebert in 1956, and his formulation of press freedom as the “free market place of ideas” (Siebert 1956: 70).

This study suggests that even with monopolies, in the form of a wholly government owned press, the economic mechanism of demand can affect the monopoly’s authority especially if the dynamic of demand changes, as could be the case with the increase in PEs in China. However, the press does face competition from internet sites which have increasing internet traffic surging in line with the growth in demand for ‘authenticity’ in communication (Stevenson-Yang 2006: 53). The press also faces regulatory constraints on advertising (Stevenson-Yang 2006: 53) and editorial content.

At the same time, the Chinese Government has a desire to keep editorial control while it is also pursuing economic reforms which help to create a more competitive environment which is anti-monopolistic. The Chinese Government would have to see this as either a danger to its editorial control or a significant opportunity for the country’s economy. Time will tell, but as the then presidential candidate John Kennedy pointed out in 1959, ‘danger’ and ‘opportunity’ are the two characters that form the word ‘crises’ in Chinese.

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